GOVERNMENT OF INDIA
MICRO,SMALL AND MEDIUM ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:88
ANSWERED ON:17.07.2017
Revival of Closed MSMEs
Agrawal Shri Rajendra

Will the Minister of MICRO,SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) whether a large number of Micro, Small and Medium Enterprises (MSMEs) have been closed down in the country if so, the details thereof and the reasons therefor along with the number of workers affected therefrom during each of the last three years and current year, State/UT-wise;

(b) whether the Government has set up/proposes to set up a panel to study the problems being faced by MSMEs in the country and if so, the details and status thereof; and

(c) the steps taken/proposed to be taken by the Government to revive and rehabilitate the closed/sick MSMEs in the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF
MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI HARIBHAI PARATHIBHAI CHAUDHARY)

(a): Information on closure among Micro, Small and Medium Enterprises (MSMEs) are obtained through conduct of periodic census. As far as the 4th All India Census of MSMEs conducted with reference to 2006-07 is concerned, 4.96 lakh MSMEs were found closed. The State/UT-Wise closed MSMEs from the same data source is as given in Annexure-I. The main reasons for closure are (1)Lack of demand, (2)Shortage of working capital, (3)Non-availability of raw materials, (4)Power shortage, (5)Marketing problems, (6)Labour problems, (7)Management problems etc.

The information on the number of workers affected is not collected through the census as referred to above.

(b): No specific panel was set up to study the problems being faced by MSMEs in the country. However, One-Man Committee under the Chairmanship of former Cabinet Secretary was appointed to provide a framework for a National policy for MSME Sector, which has submitted the report.

(c): The Ministry of MSME, under Section 9 of the MSMED Act 2006, notified a Framework for Revival and Rehabilitation of sick MSMEs on the 29th May, 2015. Under this scheme, any enterprise can seek revival and rehabilitation benefit through a committee constituted by the banks with representatives from State Governments experts and others. Subsequently, the RBI, on the 17th March, 2016, issued a revised Framework along with operating instructions to make it compatible with existing regulatory guidelines. In respect of MSME loans above Rs. 10 lakh to Rs. 25 crore, the framework provides for committee approach for deciding corrective action plan for stressed MSMEs.